

FOCUS: Economic Development

Overall Economic Development Strategies:

Recognize that every public policy decision has an economic component. Investment in public infrastructure and services, transportation, downtown, neighborhoods and how we plan for and manage growth are key components of a healthy economy.

Foster a strong, diversified economy - by creating, attracting and retaining businesses that provide knowledge-based, high-quality employment opportunities.

Support the development of a prepared and successful workforce.

Improve community infrastructure - to support and encourage economic expansion and opportunity in a global marketplace.



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SUPPORT THE RECRUITMENT OF QUALITY, KNOWLEDGE-BASED JOBS

The City of Tucson contracts and partners with the Greater Tucson Economic Council (GTEC), a non-profit organization, to provide funding for the recruitment of jobs to Tucson. Recruitment of new businesses to the community not only expands the employment base, but it infuses new capital into the economy.

Accomplishments:

- Monthly progress review meetings were held throughout the fiscal year with GTEC staff and City staff from the City Manager's Office and the Office of Economic Development.
- GTEC provided staff work that contributed to company relocations and expansions that project the creation of 926 new jobs within the next 12 months in the life sciences, manufacturing, information technology and optics fields.
- An additional 40 jobs were created by the expansion of a company recruited during Fiscal Year 2003.



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ASSIST BUSINESSES WITH EMPLOYEE TRAINING

Local businesses are assisted in writing and managing State of Arizona job training grant applications to fund workforce training customized to meet the specific needs of local employers, create new jobs and increase the skill and wage levels of employees in Tucson and surrounding areas.

Accomplishments:

- The Office of Economic Development (OED) received approval of 26 new state job training grants for local companies totaling \$2.1 million and leveraging \$6.7 million in training projects impacting 1,277 employees.
- OED is currently managing \$13.1 million in active corporate training grants.



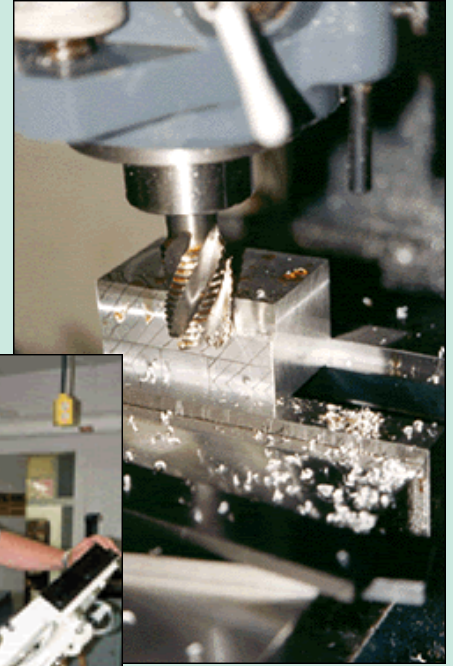
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EXPAND BUSINESSLINC PROGRAM

The BusinessLINC program increases sales opportunities for southern Arizona businesses by linking local, national and international firms/buyers with local suppliers.

Accomplishments:

- Facilitated 75 new sales contracts valued at \$3.1 million.
- Expanded the database to statewide participation; the supply chain Web site (AzBusinessLINC.com) lists more than 2,200 businesses.
- New Mexico State Economic Development and Sonora, Mexico have both requested assistance in implementing the BusinessLINC program in their regions.
- The Mexican Ford Motor Co. plant expansion in Hermosillo, Sonora is being targeted for potential opportunities for local part suppliers.



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MEXICAN VISITOR TOURISM STRATEGIC MARKETING PLAN

Vamos a Tucson, a community-based Mexico tourism effort, is focused on implementing the programs detailed in its 2003 Strategic Marketing Plan. The primary objective of the plan is to increase the economic impact on Tucson by Mexican visitors by increasing the numbers of visitors, increasing visit frequency and encouraging visitors to extend their visits to enjoy more of what Tucson has to offer.

Accomplishments:

Membership

- Attendance at monthly Vamos meetings has nearly doubled over the previous year and continues to increase each month. Membership has expanded from an initial focus on the hospitality industry to include auto dealerships, entertainment, arts and cultural venues, attractions, media and agency partners, financial services providers, real estate companies and the medical community.

Marketing

- Secured nearly \$100,000 in funding from outside partners, including the Metropolitan Tucson Convention and Visitors Bureau, to devote to targeted programs aligned with the Vamos objectives over the next twelve months.
- Launched a program to establish Tucson as a medical destination by:
 - Engaging Tucson hospitals and recruiting new members from the targeted industry segments
 - Preparing four versions of the “15 Steps to Make Your Business Mexico-Ready” program for the hospitality, medical, retail industries, plus a generic version for other types of businesses.

Funding

- Identified potential funding sources through agencies such as the Arizona Office of Tourism and developed a new sponsorship program and selling package to expand sponsor involvement. The Tucson-Mexico Trade Office secured sponsorships with four local businesses/organizations.

Research

- Conducted surveys in Chihuahua, Culiacan and Los Mochis to further clarify these geographic target markets; conducted research at three local malls during the Christmas holidays to measure visit frequency, consumer preferences, etc.; and contracted secondary research to analyze the Mexico marketing efforts by Phoenix, San Diego, Las Vegas and San Antonio.
- Began initial planning to secure funding to conduct a second Economic Impact Study in 2006, shortening the measurement increments from ten years to five.



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PUERTO NUEVO – TUCSON

The development of Tucson as an inland port and commerce Center will facilitate the free and competitive flow of regional and international trade between the U.S. and Mexico, in addition to providing convenient cost-effective access to all corners of the fast growing global marketplace. Puerto Nuevo will enhance Tucson's capability to manufacture, market and distribute its products throughout the world. When completed, the port will integrate logistics services and facilities available in the areas of transportation, warehousing, manufacturing, research and international business services. It will also serve as a catalyst for creating new business sectors in the community.

Accomplishments:

- Achieved an official "Port of Entry" designation from U.S. Customs.
- Assisted in opening the Port of Tucson Intermodal Facility for business in May 2004.
- Secured a \$200,000 grant to conduct an initial trade flow analysis, perform an infrastructure analysis for the downtown train depot and initiate development work on the International Trade Processing Center (ITPC).
- Developed a marketing partnership between the Tucson-Mexico Trade Office and Union Pacific Railroad to promote the new Port of Tucson Intermodal facility.
- Met with key national Homeland Security figures to secure buy-in for the development of the port.



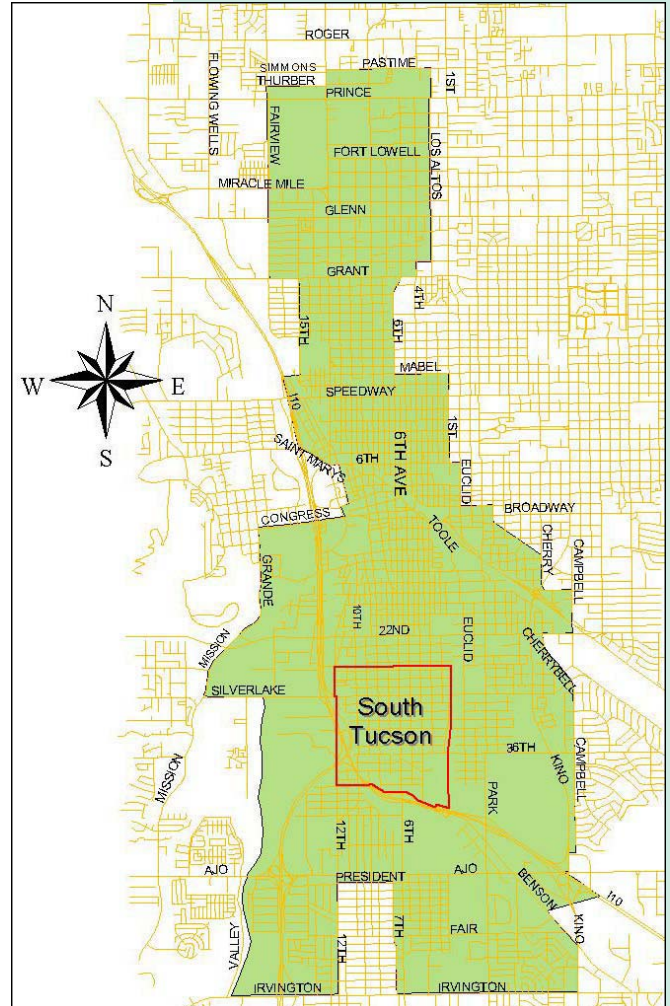
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TUCSON EMPOWERMENT ZONE

Business expansion and job growth within a federally-designated geographical zone is accomplished through federal income tax credits, tax exempt bond financing and federal accelerated depreciation for equipment. Tucson's empowerment zone designation promotes business within the City.

Accomplishments:

- Completed a successful marketing campaign, including placement of advertising on Sun Tran buses and mailing of program information to all Empowerment Zone businesses.
- Participated in six workshops and seminars for businesses in partnership with the Tucson Metropolitan Chamber of Commerce and Microbusiness Advancement Center.
- Commercial building permits issued in the Empowerment Zone totaled \$4.6 million.
- Assisted in the location of new businesses within the Empowerment Zone including Peterson Enterprises, Catalina China and CitiCorp.
- Assisted Business Development Finance Corporation in placing four loans to small businesses within the Empowerment Zone for projects totaling \$1.5 million.
- Provided preliminary approval for \$34 million in Empowerment Zone Bonds for Managing General Properties Corporation.



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BASE REALIGNMENT AND CLOSURE ADVOCACY PLAN

City advocacy is a critical element in positioning the community to ensure that Davis-Monthan Air Force Base remains in Tucson as a key U.S. military installation.

Accomplishments:

- Davis-Monthan's Joint Land Use Study was released in February and approved by Mayor and Council and the Pima County Board of Supervisors. Recommendations outlined in the study are in the process of being implemented.
- The final base selection criteria for the Base Realignment and Closure 2005 Round was released and can be considered to be favorable for Davis-Monthan's survival. Staff is preparing an analysis of how Davis-Monthan meets the published criteria.
- The Tucson Unified School District decided to close Julia Keen elementary school in the Summer of 2004. This school is located in an accident-potential zone near the northwest end of the Davis-Monthan runway.
- In June 2004, staff from the City of Tucson, Pima County, the DM50 and the Tucson Chamber of Commerce met with Air Force and Department of Defense officials as well as the Arizona Congressional delegation to discuss support of the Davis-Monthan Air Force Base.



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PEDDLER ORDINANCE

The Tucson City Code section referred to as the Peddler Ordinance focuses on the licensing of individuals who intend to sell food or merchandise as a peddler within city limits. This ordinance currently includes fairly minimal requirements regarding the operational side of these businesses. Amendments to the ordinance are being considered due to residents' concerns about noise and blight and Police Department concerns about public safety. Proposed revisions include curbing hours of operation, peddler license expiration terms, set-back requirements and a revocation procedure for operating violations.

Accomplishments:

- The Mayor and Council Economic Development Subcommittee held a series of public meetings to address this topic (three of which were conducted in both English and Spanish), and the Small Business Commission reviewed the proposed changes and various members attended the Subcommittee meetings.
- A Mayor and Council public hearing to adopt the revised Peddler Ordinance is scheduled for September 2004.

